

Financial Report

Terrebonne Parish Fire District No. 4-A

Houma, Louisiana

December 31, 2002

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Terrebonne Parish Fire District No. 4-A

December 31, 2002

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FINANCIAL SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,
Terrebonne Parish Fire District No. 4-A,
Houma, Louisiana.

We have audited the accompanying basic financial statements of the governmental activities of Terrebonne Parish Fire District No. 4-A (the District), a component unit of Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2002, as listed in the table of contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of Terrebonne Parish Fire District No. 4-A as of December 31, 2002, and the changes in financial position and the budgetary comparison for the District for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 b) to the basic financial statements, the District has implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments, as of January 1, 2002.

The District has not presented Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In accordance with Government Auditing Standards, we have also issued our report dated February 7, 2003 on our consideration of Terrebonne Parish Fire District No. 4-A's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Bougeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
February 7, 2003.

STATEMENT OF NET ASSETS AND GOVERNMENTAL FUND BALANCE SHEET**Terrebonne Parish Fire District No. 4-A**

December 31, 2002

| | <u>General Fund</u> | <u>Adjustments (Exhibit B)</u> | <u>Statement of Net Assets</u> |
|---|-------------------------|------------------------------------|------------------------------------|
| Assets | | | |
| Cash | \$ 16,006 | \$ - | \$ 16,006 |
| Investments | 191,306 | - | 191,306 |
| Receivables - taxes | 63,073 | - | 63,073 |
| Due from other governmental units | 270,788 | - | 270,788 |
| Prepaid insurance | - | 6,754 | 6,754 |
| Deposits | 105 | - | 105 |
| Capital assets: | | | |
| Non-depreciable | - | 80,500 | 80,500 |
| Depreciable, net of accumulated depreciation | - | 710,685 | 710,685 |
| Total assets | <u>\$ 541,278</u> | <u>797,939</u> | <u>1,339,217</u> |
| Liabilities | | | |
| Accounts payables and accrued expenditures | \$ 33,063 | - | 33,063 |
| Due to other governmental units | 12,292 | - | 12,292 |
| Deferred revenue | 338,311 | - | 338,311 |
| Total liabilities | <u>383,666</u> | <u>-</u> | <u>383,666</u> |
| Fund Balance/Net Assets | | | |
| Fund balance - unreserved | <u>157,612</u> | <u>(157,612)</u> | <u>-</u> |
| Total liabilities and fund balance | <u>\$ 541,278</u> | | |
| Net assets: | | | |
| Invested in capital assets | | 791,185 | 791,185 |
| Unrestricted | | 164,366 | 164,366 |
| Total net assets | | <u>\$ 955,551</u> | <u>\$ 955,551</u> |

See notes to financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET ASSETS**

Terrebonne Parish Fire District No. 4-A

December 31, 2002

| | |
|---|-------------------|
| Fund Balance - Governmental Fund | \$ 157,612 |
|---|-------------------|

Amounts reported for governmental activities in the statement of net assets
are different because:

Capital assets used in governmental activities are not financial resources
and, therefore, are not reported in the governmental fund.

| | | |
|-------------------------------|------------------|---------|
| Governmental capital assets | \$ 1,432,241 | |
| Less accumulated depreciation | <u>(641,056)</u> | 791,185 |

Other assets used in governmental activities are not financial resources
and, therefore, are not reported in the governmental funds.

| | | |
|-------------------|--|-------|
| Prepaid insurance | | 6,754 |
|-------------------|--|-------|

| | |
|--|--------------------------|
| Net Assets of Governmental Activities | <u>\$ 955,551</u> |
|--|--------------------------|

See notes to financial statements.

**STATEMENT OF ACTIVITIES AND STATEMENT OF
GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE**

Terrebonne Parish Fire District No. 4-A

For the year ended December 31, 2002

| | <u>General Fund</u> | <u>Adjustments (Exhibit D)</u> | <u>Statement of Activities</u> |
|---|-------------------------|------------------------------------|------------------------------------|
| Revenues | | | |
| Taxes | \$ 295,783 | \$ - | \$ 295,783 |
| Intergovernmental: | | | |
| State of Louisiana: | | | |
| State revenue sharing | 9,945 | - | 9,945 |
| Fire insurance tax | 11,779 | - | 11,779 |
| Rural development grant | 8,737 | - | 8,737 |
| Supplemental pay | 8,140 | - | 8,140 |
| Miscellaneous: | | | |
| Interest | 6,361 | - | 6,361 |
| Other | 3,000 | 49,431 | 52,431 |
| Total revenues | <u>343,745</u> | <u>49,431</u> | <u>393,176</u> |
| Expenditures/Expenses | | | |
| Current: | | | |
| General Government: | | | |
| Ad valorem tax adjustment | 4,926 | | 4,926 |
| Ad valorem tax deductions | 13,289 | | 13,289 |
| Total general government | <u>18,215</u> | | <u>18,215</u> |
| Public Safety: | | | |
| Personal services | 218,742 | - | 218,742 |
| Supplies and materials | 31,155 | - | 31,155 |
| Other services and charges | 61,760 | 2,989 | 64,749 |
| Repairs and maintenance | 18,557 | - | 18,557 |
| Depreciation | - | 48,324 | 48,324 |
| Total public safety | <u>330,214</u> | <u>51,313</u> | <u>381,527</u> |
| Capital outlay | 61,212 | (61,212) | - |
| Total expenditures/expenses | <u>409,641</u> | <u>(9,899)</u> | <u>399,742</u> |
| Deficiency of Revenues Over Expenditures | (65,896) | 65,896 | - |
| Change in Net Assets | - | (6,566) | (6,566) |
| Fund Balance/Net Assets | | | |
| Beginning of year | 223,508 | 738,609 | 962,117 |
| End of year | <u>\$ 157,612</u> | <u>\$ 797,939</u> | <u>\$ 955,551</u> |

See notes to financial statements.

**RECONCILIATION OF THE STATEMENT OF GOVERNMENTAL
FUND REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE TO THE STATEMENT OF ACTIVITIES**

Terrebonne Parish Fire District No. 4-A

For the year ended December 31, 2002

Net Change in Fund Balance - Governmental Fund **\$ (65,896)**

Amounts reported for governmental activities in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures. However, in
the statement of activities the cost of those assets is allocated over their
estimated useful lives and reported as depreciation expense.

| | | |
|----------------------|-----------------|--------|
| Capital outlay | \$ 61,212 | |
| Depreciation expense | <u>(48,324)</u> | 12,888 |

Some expenses reported in the statement of activities do not require
the use of current financial resources and, therefore, are not reported
as expenditures in governmental funds.

| | | |
|-------------------|--|---------|
| Prepaid insurance | | (2,989) |
|-------------------|--|---------|

The net effect of various miscellaneous transactions involving capital
assets, such as sales, trade-ins and donations, is to increase net assets

49,431

Change in Net Assets of Governmental Activities **\$ (6,566)**

See notes to financial statements.

**STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND**

Terrebonne Parish Fire District No. 4-A

For the year ended December 31, 2002

| | <u>Budgeted Amounts</u> | | <u>Budgetary</u> | <u>Variance with</u> |
|--------------------------------|-------------------------|-------------------|-------------------|----------------------|
| | <u>Original</u> | <u>Final</u> | <u>Basis</u> | <u>Final Budget</u> |
| | | | | <u>Favorable</u> |
| | | | | <u>(Unfavorable)</u> |
| Revenues | | | | |
| Taxes | \$ 300,100 | \$ 313,627 | \$ 295,783 | \$ (17,844) |
| Intergovernmental: | | | | |
| State of Louisiana: | | | | |
| State revenue sharing | 5,000 | 9,945 | 9,945 | - |
| Fire insurance tax | 11,000 | 11,779 | 11,779 | - |
| Rural development grant | - | 8,737 | 8,737 | - |
| Supplemental pay | 7,200 | 7,425 | 8,140 | 715 |
| Miscellaneous: | | | | |
| Interest | 12,600 | 5,276 | 6,361 | 1,085 |
| Other | 500 | - | 3,000 | 3,000 |
| Total revenues | <u>336,400</u> | <u>356,789</u> | <u>343,745</u> | <u>(13,044)</u> |
| Expenditures | | | | |
| Current: | | | | |
| General Government: | | | | |
| Ad valorem tax adjustment | - | 4,926 | 4,926 | - |
| Ad valorem tax deductions | <u>20,000</u> | <u>13,289</u> | <u>13,289</u> | <u>-</u> |
| Total general government | <u>20,000</u> | <u>18,215</u> | <u>18,215</u> | <u>-</u> |
| Public Safety: | | | | |
| Personal services | 183,200 | 198,919 | 210,714 | (11,795) |
| Supplies and materials | 36,300 | 32,690 | 32,806 | (116) |
| Other services and charges | 53,020 | 57,591 | 57,591 | - |
| Repairs and maintenance | <u>25,500</u> | <u>30,215</u> | <u>18,620</u> | <u>11,595</u> |
| Total public safety | <u>298,020</u> | <u>319,415</u> | <u>319,731</u> | <u>(316)</u> |
| Capital outlay | <u>18,380</u> | <u>48,171</u> | <u>61,212</u> | <u>(13,041)</u> |
| Total expenditures | <u>336,400</u> | <u>385,801</u> | <u>399,158</u> | <u>(13,357)</u> |
| Deficiency of Revenues | | | | |
| Over Expenditures | - | (29,012) | (55,413) | (26,401) |
| Fund Balance/Net Assets | | | | |
| Beginning of year | <u>232,784</u> | <u>232,784</u> | <u>232,784</u> | <u>-</u> |
| End of year | <u>\$ 232,784</u> | <u>\$ 203,772</u> | <u>\$ 177,371</u> | <u>\$ (26,401)</u> |

NOTES TO FINANCIAL STATEMENTS**Terrebonne Parish Fire District No. 4-A**

December 31, 2002

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Terrebonne Parish Fire District No. 4-A (the District) conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

a) Reporting Entity

The District is a component unit of Terrebonne Parish Consolidated Government (the Parish) and as such, these financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish for the year ended December 31, 2002.

The District has reviewed all of its activities and determined that there are no potential component units which should be included in its financial statements.

b) Change in Accounting

In June 1999, GASB unanimously approved Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. Certain of the more significant changes in Statement No. 34 include for the first time a Management Discussion and Analysis (MD&A) section providing an analysis of the Association’s overall financial position and results of operations and financial statements prepared using full accrual accounting for all of the District’s activities. The Board has not presented Management’s Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements. However, other changes are reflected in the accompanying basic financial statements. The District has elected to implement the general provisions of Statement No. 34 in the current year.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Change in Accounting (Continued)

For the year ended December 31, 2002, District also implemented the following GASB Standards:

- Statement 37 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus
- Statement 38 – Certain Financial Statement Disclosures

The transition from governmental fund balance to net assets for December 31, 2001, is presented below:

| | | |
|---|------------------|-------------------|
| Total fund balance, as previously reported | | \$ 223,508 |
| Capital assets used in governmental activities are not financial resources and, therefore were not previously reported. | | |
| Governmental capital assets | \$ 1,329,839 | |
| Less accumulated depreciation | <u>(600,973)</u> | 728,866 |
| Other assets used in governmental activities are not financial resources and, therefore were not previously reported. | | |
| Prepaid insurance | | <u>9,743</u> |
| Net assets | | <u>\$ 962,117</u> |

c) Basis of Presentation

The District's basic financial statements consist of the government-wide statements on all activities of the District and the governmental fund financial statements.

Government-wide Financial Statements:

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities for all activities of the District. The government-wide presentation focuses primarily on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Basis of Presentation (Continued)

Fund Financial Statements:

The fund financial statements are very similar to the traditional government fund statements as presented by governments prior to the issuance of Statement No. 34. The daily accounts and operations of the District continue to be organized on the basis of a fund and accounts groups, each of which is considered a separate accounting entity. The operations of the fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Government resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following is the Governmental Fund of the District:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those that are required to be accounted for in another fund.

d) Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Government-wide Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Measurement Focus and Basis of Accounting (Continued)

Fund Financial Statements:

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. The District's definition of available means expected to be received within sixty days of the end of the fiscal year. Ad valorem taxes and the related state revenue sharing (Intergovernmental revenues) are recorded as revenues in the period for which levied, thus the 2002 property taxes which are being levied to finance the 2003 budget will be recognized as revenue in 2003. The 2002 tax levy is recorded as deferred revenue in the District's 2002 financial statements. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Allocations of cost such as depreciation are not recognized in the governmental funds.

e) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Operating Budgetary Data

As required by the Louisiana Revised Statutes 39:1303, the Board of Commissioners (the Board) adopted a budget for the District's General Fund. The budgetary practices include public notice of the proposed budget, public inspection of the proposed budget and a public hearing on the budget prior to adoption. Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by the Board. The District amended its budget once for the year 2002. All budgeted amounts which are not expended, or obligated through contracts, lapse at year end.

The Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund is presented on the budgetary basis to provide a comparison of actual results with the budget. The major difference between the GAAP basis and budgetary basis is that:

Expenditures are recorded when cash is disbursed (budgetary basis) as opposed to when incurred (GAAP basis). Thus, the GAAP basis has been adjusted for the difference in accrued expenditures at the beginning of the year versus the end of the year.

| | <u>Deficiency of Revenues Over Expenditures</u> |
|-----------------------------|---|
| GAAP basis (as reported) | <u>\$(65,896)</u> |
| Expenditures: | |
| Personal Services | 8,028 |
| Supplies and materials | (1,651) |
| Other services and charges | 4,169 |
| Repairs and maintenance | <u>(63)</u> |
| Net expenditure adjustments | <u>10,483</u> |
| Budgetary basis | <u>\$(55,413)</u> |

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Accounts Receivable

The financial statements of the District contain no allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operations of the funds.

h) Investments

Investments are stated at fair value as established by open market, except for the Louisiana Asset Management Pool (LAMP). LAMP is an external pool which is operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met.

Investments during the year consisted of investments in LAMP.

i) Prepaid Insurance

The District has recorded prepaid insurance in its government-wide financial statements. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

j) Capital Assets

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

Government-wide Financial Statements:

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets purchased or acquired with an original cost of \$500 or more are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Capital Assets (Continued)

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

| | |
|--------------------------------|---------------|
| Buildings | 20 – 40 years |
| Vehicles | 5 – 15 years |
| Machinery and equipment | 5 – 12 years |
| Office furniture and equipment | 5 – 20 years |

Fund Financial Statements:

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

k) Vacation and Sick Leave

Accumulated vacation and sick leave is recorded as an expenditure of the period in which paid in the Governmental Fund.

Full time employees are entitled to eighteen days vacation after one year of service. Each year the employee must take their vacation time before their anniversary date (day they first began working), if not taken by their anniversary date the vacation time is forfeited. The vacation period shall be increased one day for each year of service over ten years, up to a maximum vacation period of thirty days. There is no material accumulated vacation at December 31, 2002.

Every fireman in the employ of a fire protection district shall be entitled to full pay during sickness or incapacity not brought about by his own negligence or culpable indiscretion for a period of not less than fifty-two weeks. A fireman employed by any fire protection district who draws full pay during sickness or incapacity shall have such pay decreased by the amount of workers' compensation benefits actually received by the employee. A fireman is entitled to sick leave benefits even though the injury or illness may have occurred while he was off duty. Firemen are not prohibited from engaging in part-time employment while receiving sick leave.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Vacation and Sick Leave (Continued)

A probationary fireman who is not a regular or permanent fireman is not entitled to sick leave benefits provided by the District. There is no accumulated sick leave for the District at December 31, 2002.

l) Fund Equity

Government-wide Statements:

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. At December 31, 2002 the District had no outstanding borrowings.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments"; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets."

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. As of December 31, 2002 and for the year then ended, the District did not have or receive restricted net assets.

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

Note 2 - DEPOSITS AND INVESTMENTS

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana or any other federally insured investment.

Bank Deposits:

State law requires deposits (cash) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

Cash and deposits are categorized into three categories of credit risk.

Category 1 includes deposits covered by federal depository insurance or by collateral held by the District or its agent in the District's name.

Category 2 includes deposits covered by collateral held by the pledging financial institution's trust department or its agent in the District's name.

Category 3 includes deposits covered by collateral held by the pledging financial institution or its trust department or agent but not in the District's name and deposits which are uninsured or uncollateralized.

The year end balances of deposits are as follows:

| | Bank Balances | | | |
|------|-----------------|-------------|-------------|-----------------|
| | Category | | | Book |
| | 1 | 2 | 3 | Balance |
| Cash | <u>\$17,680</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$16,006</u> |

At December 31, 2002, cash was not in excess of FDIC insurance.

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

Investments:

State statutes authorize the District to invest in obligations of the U.S. Treasury, agencies and instrumentalities; commercial paper rated AAA 1, 2, or 3; repurchase agreements; and the Louisiana Asset Management Pool.

The year end balance of investments is as follows:

| | <u>Reported Amount</u> |
|--|----------------------------|
| Louisiana Asset Management Pool (LAMP) | <u>\$191,306</u> |

Investments held at December 31, 2002 consist of \$191,306 in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section 150.126, the investment in LAMP at December 31, 2002 is not categorized in the three risk categories provided by GASB Codification Section 150.125 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed or backed by the U.S. Treasury, the U.S. Government or one of its agencies, enterprises or instrumentalities, as well as repurchase agreements collateralized by those securities.

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA-R.S. 33:2955(A)(1)(h) which allows all municipalities, parishes, school boards and any other political subdivisions of the State to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States corporations." Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

Note 3 - PROPERTY TAXES

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Parish. Assessed values are established by the Terrebonne Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 2000. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The tax rate for the year ended December 31, 2002 was \$9.43 per \$1,000 of assessed valuation on property within Fire District No. 4-A for the purpose of constructing, maintaining and operating fire protection facilities within the District and paying the cost of obtaining water for fire protection purposes, including fire hydrant rentals and services. As indicated in Note 1d, taxes levied November 1, 2002 are for budgeted expenditures in 2003 and will be recognized as revenues in 2003.

Note 4 - DUE TO AND FROM OTHER GOVERNMENTAL UNITS

Amounts due to and due from other governmental units at December 31, 2002 consisted of the following:

| | <u>Due From</u> | <u>Due To</u> |
|--|-------------------|------------------|
| State of Louisiana: | | |
| State revenue sharing | \$ 7,022 | \$ - |
| Firefighters' Retirement System contributions | - | 3,751 |
| Terrebonne Parish Consolidated Government: | | |
| Group health insurance premiums | - | 2,401 |
| Workers' compensation insurance premiums | - | 6,140 |
| Terrebonne Parish Tax Collector - December, 2002 | | |
| collections remitted to the District in January, 2003: | | |
| Ad valorem taxes | 260,255 | - |
| State revenue sharing | <u>3,511</u> | <u>-</u> |
| Totals | <u>\$ 270,788</u> | <u>\$ 12,292</u> |

Note 5 - CHANGES IN FIXED ASSETS

Capital asset activity for the year ended December 31, 2002 was as follows:

| | Balance January 1, 2002 | Additions | Deletions | Adjustments | Balance December 31, 2002 |
|---|-------------------------------|------------------|-------------------|-------------|---------------------------------|
| Capital assets not being depreciated: | | | | | |
| Land | \$ 30,500 | \$ 50,000 | \$ - | \$ - | \$ 80,500 |
| Capital assets being depreciated: | | | | | |
| Buildings | 670,482 | 8,375 | - | 295 | 679,152 |
| Vehicles | 504,558 | 34,383 | (3,000) | (13,181) | 522,760 |
| Machinery and equipment | 107,109 | 18,454 | (6,458) | 12,811 | 131,916 |
| Office furniture and equipment | 17,190 | 648 | - | 75 | 17,913 |
| Total capital assets being depreciated | <u>1,299,339</u> | <u>61,860</u> | <u>(9,458)</u> | <u>-</u> | <u>1,351,741</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings | (137,353) | (17,165) | - | - | (154,518) |
| Vehicles | (387,950) | (20,063) | 3,000 | - | (405,013) |
| Machinery and equipment | (62,160) | (10,054) | 5,241 | - | (66,973) |
| Office furniture and equipment | <u>(13,510)</u> | <u>(1,042)</u> | <u>-</u> | <u>-</u> | <u>(14,552)</u> |
| Total accumulated depreciation | <u>(600,973)</u> | <u>(48,324)</u> | <u>8,241</u> | <u>-</u> | <u>(641,056)</u> |
| Total capital assets being depreciated, net | <u>698,366</u> | <u>13,536</u> | <u>(1,217)</u> | <u>-</u> | <u>710,685</u> |
| Total capital assets, net | <u>\$ 728,866</u> | <u>\$ 63,536</u> | <u>\$ (1,217)</u> | <u>\$ -</u> | <u>\$ 791,185</u> |

The adjustments relate to the reclassification of capital assets among the classifications.

Note 6 - ACCOUNTS PAYABLE AND ACCRUED EXPENDITURES

Accounts payable and accrued expenditures at December 31, 2002 consisted of the following:

| | |
|-----------------------|----------------------|
| Protest taxes | \$ 19,691 |
| Salaries and Benefits | 6,765 |
| Vendors | <u>6,607</u> |
| Total | <u>\$ 33,063</u> |

Note 7 - DEFINED BENEFIT PENSION PLAN

Plan Description - The District contributes to the Firefighters' Retirement System of Louisiana (the System), a cost-sharing multiple-employer defined benefit public retirement system, which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan members and beneficiaries. Act 434 of the 1979 Louisiana Legislative Session established the plan. The System is governed by Louisiana Revised Statutes 11:2251 through 11:2269, specifically, and other general laws of the State of Louisiana. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to Firefighters' Retirement System, 2051 Silverside Drive, Suite 210, Baton Rouge, LA 70808-4136.

Funding Policy - Plan members are required to contribute 8% of their annual covered salary and the District is required to contribute at an actuarially determined rate. For the period from January 1, 2002 to November 30, 2002, the rate was 9% of annual covered payroll. Effective December 1, 2002, the rate was increased to 18.25% of annual covered payroll. The contributions requirements of plan members and the District are established and may be amended by state statute. The District's contributions to the System for the years ending December 31, 2002, 2001 and 2000 were \$14,215, \$7,744 and \$7,348, respectively, equal to the required contributions for each year.

Note 8 - SUPPLEMENTAL PAY

In addition to the compensation paid to the District's employees, firemen may be eligible to receive supplemental pay. The amount of the compensation is determined by State Law and is revised periodically.

As per Louisiana Revised Statute 33:2002, any full-time, regular employee of the parish fire protection district who is hired after March 31, 1986, who has passed a certified firemen's training program equal to the National Fire Protection Association Standard 1001 and who is paid three hundred dollars per month from public funds is eligible for supplemental pay. These full-time employees are carried on the payroll paid from funds of the parish obtained through lawfully adopted bond issues or lawfully assessed taxes, either directly or through a board or commission set up by law or ordinance. Employees employed by the District are not eligible for supplemental pay if they are presently drawing a retirement or disability pension, clerical employees and mechanics and for those employees who have not passed a certified firemen's training program but are hired after March 31, 1986. State supplemental pay for firefighters must be taken into account in calculating firefighters longevity pay, holiday pay and overtime pay. The

Note 8 - SUPPLEMENTAL PAY (Continued)

period of service for computing additional compensation includes prior service of employees who have returned or who hereafter return to such service provided that service in any parish or fire protection district fire department shall be used in computing such prior service which includes full-time employees of a volunteer fire department.

As of December 31, 2002, the District has recognized revenue and expenditures of \$8,140 in salary supplements that the State of Louisiana has paid directly to the District's employees.

Note 9 - RISK MANAGEMENT

The District is exposed to various risks of loss related to workers' compensation; torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and group health benefits for which the District carries commercial insurance and also participates in the Parish's risk management program for workers' compensation and group insurance. No settlements were made during the year that exceeded the District's insurance coverage. The District's premiums for workers' compensation are based on a fixed percentage of payroll. The premiums for group insurance are based on a fixed rate per employee. The premiums for auto liability are paid to the Parish for reimbursement of commercial carrier premiums. The Parish handles all claims filed against the District. The District could have additional exposure for claims in excess of the Parish's insurance contracts as described on the next page:

| <u>Policy</u> | <u>Coverage Limits</u> |
|-----------------------|----------------------------|
| Workers' Compensation | Statutory |

The Parish is self-insured for the first \$125,000 of each claim relating to group health insurance. The aggregate deductible for all group claims relating to group insurance for 2001 was \$8,622,026. Insurance contracts cover the excess liability, up to \$1,000,000 on individual claims. Each covered employee is subject to a lifetime maximum claims limit of \$1,000,000. Coverage for group health claim liabilities are to be funded first by assets of the Parish's group health internal service fund, \$291,053 at December 31, 2001, then secondly by the District or the employee for individual claims in excess of \$1,000,000. Coverage for workers' compensation claims in excess of the stated limits are to

Note 9 - RISK MANAGEMENT (Continued)

be funded first by assets of the Parish's risk management internal service fund, \$2,999,892 at December 31, 2001, then secondly by the District. At December 31, 2002, the District had no claims in excess of the above coverage limits. Expenditures for premiums to the Parish for insurance coverages during the year ended December 31, 2002 totaled \$44,303.

Note 10 - COMPENSATION OF BOARD MEMBERS

The following amounts were paid to Board Members for the year ended December 31, 2002:

| <u>Board Members</u> | <u>Number of Meetings Attended</u> | <u>Per Diem</u> |
|----------------------|--|-----------------|
| Willie Bonvillain | 12 | \$ 360 |
| Michael Deroche | 6 | - * |
| Louis Pitre | 12 | - * |
| Wilfred Trahan | 1 | 30 |
| Magnus Voisin | 12 | <u>360</u> |
| Total | | <u>\$ 750</u> |

* Waived his right to receive a per diem.

SUPPLEMENTARY INFORMATION SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

To the Board of Commissioners,
Terrebonne Parish Fire District No. 4-A,
Houma, Louisiana.

Our report on our audit of the basic financial statements of Terrebonne Parish Fire District No. 4-A (the District) for the year ended December 31, 2002, appears on pages 1 and 2. That audit was conducted for the purpose of forming an opinion on such financial statements taken as a whole. The information contained in the schedule of revenues and expenditures and graphs of revenues and expenditures for the year ended December 31, 2002 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements for the year ended December 31, 2002, taken as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the balance sheets of Terrebonne Parish Fire District No. 4-A as of December 31, 2001 and 2000, and the related statements of governmental fund revenues, expenditures and changes in fund balance for each of the two years in the period ended December 31, 2001 (none of which is presented herein), and we expressed unqualified opinions on those financial statements. In our opinion, the information presented in the schedule of governmental fund revenues and expenditures and graphs of governmental fund revenues and expenditures for the years ended December 31, 2001 and 2000 is fairly stated in all material respects in relation to the basic financial statements from which it has been derived.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
February 7, 2003.

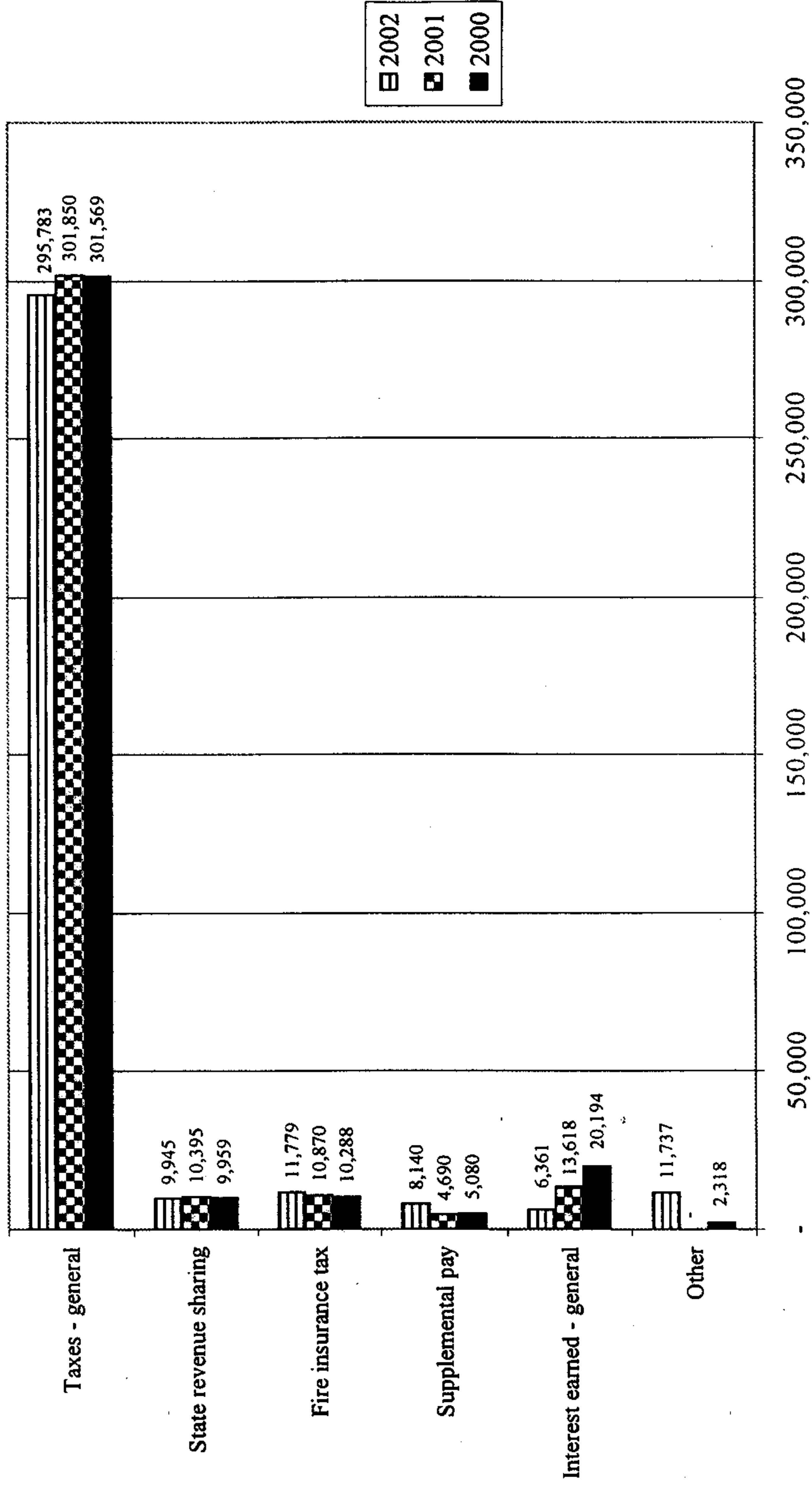
SCHEDULE OF GOVERNMENTAL FUND REVENUES AND EXPENDITURES**Terrebonne Parish Fire District No. 4-A**

For the years ended December 31, 2002, 2001 and 2000

| | <u>2002</u> | <u>2001</u> | <u>2000</u> |
|------------------------------|-------------------|-------------------|-------------------|
| Revenues | | | |
| Taxes - general | \$ 295,783 | \$ 301,850 | \$ 301,569 |
| State revenue sharing | 9,945 | 10,395 | 9,959 |
| Fire insurance tax | 11,779 | 10,870 | 10,288 |
| Supplemental pay | 8,140 | 4,690 | 5,080 |
| Interest earned - general | 6,361 | 13,618 | 20,194 |
| Other | <u>11,737</u> | <u>-</u> | <u>2,318</u> |
| Total revenues | <u>\$ 343,745</u> | <u>\$ 341,423</u> | <u>\$ 349,408</u> |
| Expenditures | | | |
| General government - general | 18,215 | 28,746 | 11,402 |
| Personal services | 218,742 | 144,294 | 131,612 |
| Supplies and materials | 31,155 | 35,100 | 60,225 |
| Other services and charges | 61,760 | 61,259 | 40,691 |
| Repairs and maintenance | 18,557 | 20,493 | 43,792 |
| Capital outlay | <u>61,212</u> | <u>19,428</u> | <u>54,464</u> |
| Total expenditures | <u>\$ 409,641</u> | <u>\$ 309,320</u> | <u>\$ 342,186</u> |

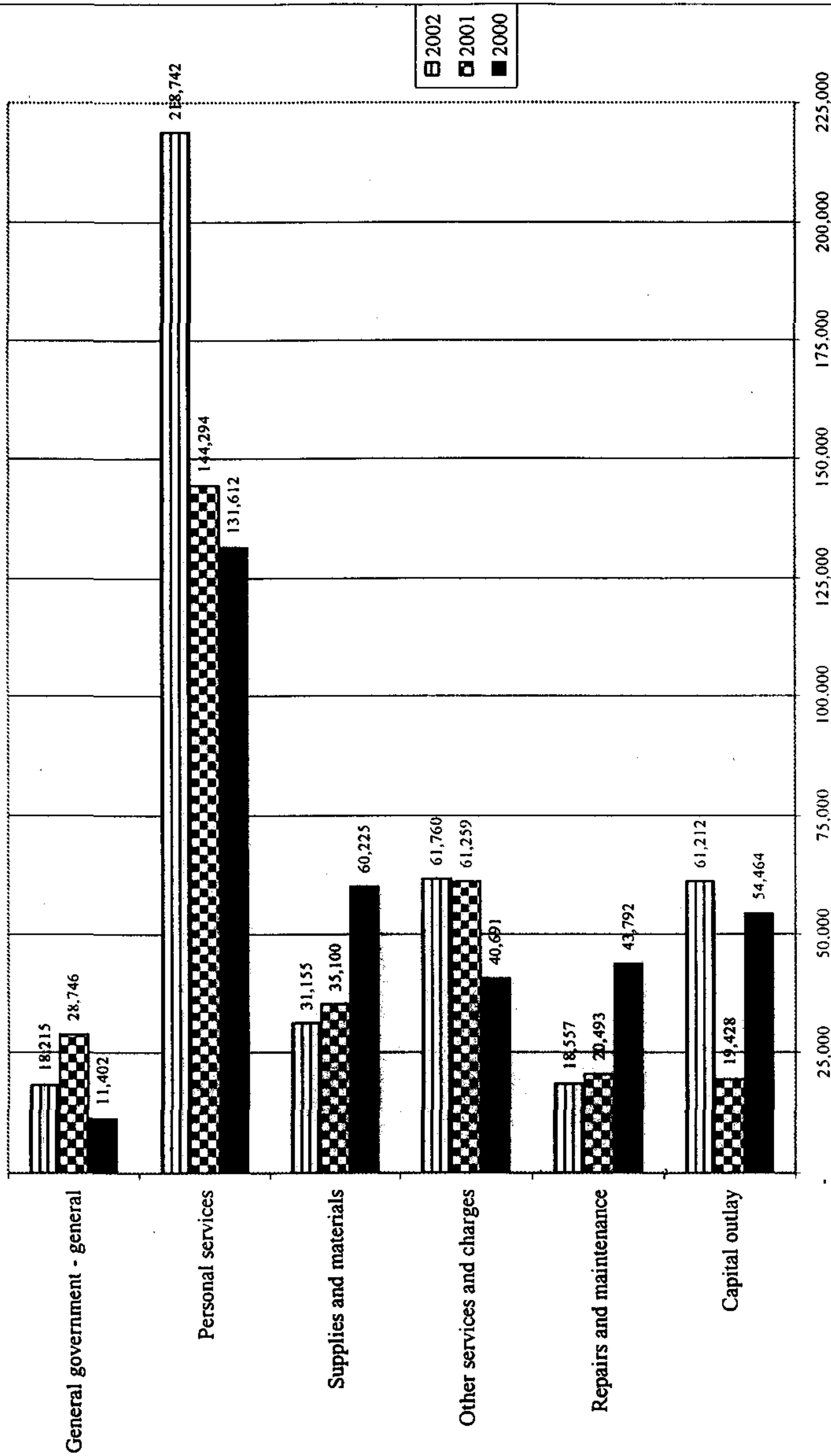
GOVERNMENTAL FUND REVENUES**Terrebonne Parish Fire District No. 4-A**

For the years ended December 31, 2002, 2001 and 2000



GOVERNMENTAL FUND EXPENDITURES**Terrebonne Parish Fire District No. 4-A**

For the years ended December 31, 2002, 2001 and 2000



SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS



Bourgeois Bennett

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF BASIC FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners,
Terrebonne Parish Fire District No. 4-A,
Houma, Louisiana.

We have audited the basic financial statements of Terrebonne Parish Fire District No. 4-A (the District), a component unit of Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2002, and have issued our report thereon dated February 7, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance, which we reported to management of the District in a separate letter dated February 7, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses. However we noted other matters involving internal control over financial reporting that we have reported to the District in a separate letter dated February 7, 2003.

This report is intended for the information of the Board of Commissioners, management, the State of Louisiana and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
February 7, 2003.

REPORTS BY MANAGEMENT

MANAGEMENT'S CORRECTIVE ACTION PLAN

Terrebonne Parish Fire District No. 4-A

For the year ended December 31, 2002

Section I Internal Control and Compliance Material to the Basic Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended December 31, 2002.
No reportable conditions were reported during the audit for the year ended December 31, 2002.

Compliance

No compliance findings material to the basic financial statements were noted during the audit for the year ended December 31, 2002.

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Fire District No. 4-A did not receive federal awards during the year ended December 31, 2002.

Section III Management Letter

02-1 **Recommendation** – The Board should be furnished with monthly financial reports which present all revenues and expenditures for the period along with a comparison to the District's adopted budget. The Board should review and approve the financial reports as its monthly meetings, and approval of the financial reports should be indicated in the meeting minutes.

Management's Corrective Action – The Board will be furnished with financial reports, and they will approve those reports as part their minutes.

02-2 **Recommendation** – The District should properly document the reason for entering into executive session as part of its official published meeting minutes in accordance with the requirements of state law.

Management's Corrective Action – The District will document the reason for entering executive session in its published meeting minutes.

MANAGEMENT'S CORRECTIVE ACTION PLAN
(Continued)

Terrebonne Parish Fire District No. 4-A

For the year ended December 31, 2002

Section III Management Letter (Continued)

- 02-3 **Recommendation** – The District should ensure that the public notice regarding the public hearing on the proposed budget should be published at least ten days prior to the date of the first public hearing. The District should also retain documentation of the publication as part of the budget file.

Management's Corrective Action – The District will ensure that the public notice regarding the public hearing on the proposed budget be published at least ten days prior to the date of the hearing. Documentation of the publication will be retained as part of the budget file.



Bourgeois Bennett

To the Board of Commissioners,
Terrebonne Parish Fire District No. 4-A,
Chauvin, Louisiana.

We have audited the general-purpose financial statements of the Terrebonne Parish Fire District No. 4-A (the District), as of and for the year ended December 31, 2002, and have issued our report thereon dated February 7, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. In planning and performing our audit, we considered the District's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the general-purpose financial statements and not to provide assurance on internal control.

However, during our audit we became aware of several matters, which represent immaterial opportunities for strengthening internal controls. The memorandum that accompanies this letter summarizes our suggestions and recommendations regarding those matters. We previously reported on the District's internal control in our report dated February 7, 2003. This letter does not affect our report dated February 7, 2003 on the general-purpose financial statements of the District.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and recommendations with the District, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Sincerely,

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
February 7, 2003.

MANAGEMENT COMMENTS

Terrebonne Parish Fire District No. 4-A

For the year ended December 31, 2002

02 - 1 Condition – The accounting system must clearly present the financial position of the government to ensure that financial reports clearly reflect the Board of Director's stewardship responsibility. The Board should be presented with accurate financial reports which reflect all revenues earned and expenditures incurred for the period being reported with a comparison to the District's adopted budget. The Board should review the financial reports at its monthly public meetings. Approval of these reports by the Board should be indicated in the official published minutes of the District.

Recommendation – The Board should be furnished with monthly financial reports which present all revenues and expenditures for the period along with a comparison to the District's adopted budget. The Board should review and approve the financial reports at its monthly meetings, and approval of the financial reports should be indicated in the meeting minutes.

02 - 2 Condition – While reading the minutes of the Districts meetings, we noted that the District enters into executive session to discuss matters of employment, litigation and other legal issues. Occasionally, the minutes did not include a reason for entering the executive session. To assist with documenting executive sessions, we have furnished the District with a copy of the state law pertaining to executive sessions.

Recommendation – The District should properly document the reason for entering into executive session as part of its official published meeting minutes in accordance with the requirements of state law.

02 - 3 Condition – The District is required by state law to publish the date, time and place for the public hearing on the proposed budget at least ten days prior to the date of the first public hearing. The notice shall also contain a summary of the proposed budget. The District was unable to furnish documentation which indicated that the notice of the public hearing on the 2002 proposed budget was published at least ten days prior to the date of the first public hearing.

Recommendation – The District should ensure that the public notice regarding the public hearing on the proposed budget be published at least ten days prior to the date of the first public hearing. The District should also retain documentation of the publication as part of the budget file.